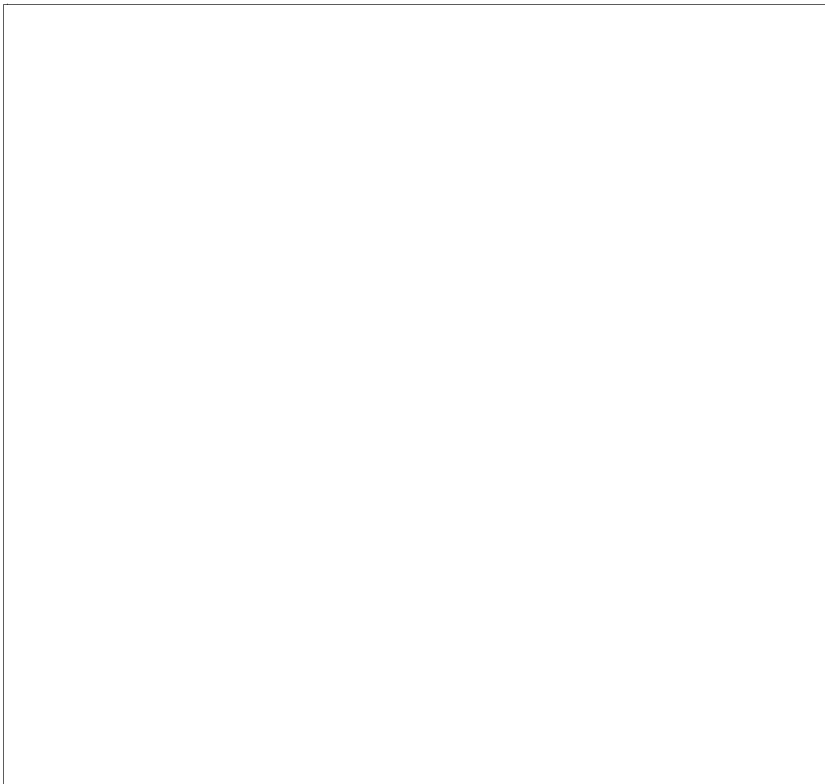


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NATIONAL FOREIGN INTELLIGENCE BOARD

NFIB-6.1/17  
29 January 1980

MEMORANDUM FOR NATIONAL FOREIGN INTELLIGENCE COMMUNITY

SUBJECT: Annual Report to Congress

1. Attached is a copy of my Annual Report to the Congress on the Intelligence Community for calendar year 1979. Copies are also being sent to the President, Vice-President, and appropriate committees of the Congress.

2. This year's Report begins with my perspective on the Community in 1979--the challenges we faced, the lesson learned, and the implications for our future direction. It also contains a statement of my goals for the Community during 1980. This is followed by reports to me from the Program Managers of CIA, DIA, NSA, and State (INR) on the activities, accomplishments, and concerns for the future of their respective agencies. These reports by the Program Managers are a new feature of the Annual Report and add increased dimension to the report with which I am especially pleased.

3. It is my belief that this Report will enable Congress to appreciate the diversity and complexity of the activities of the Intelligence Community. Such understanding will be essential if we are to manage our intelligence resources wisely and support our nation's policies.



STANSFIELD TURNER

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# THE INTELLIGENCE COMMUNITY IN 1979

## ANNUAL REPORT OF THE DIRECTOR OF CENTRAL INTELLIGENCE TO THE CONGRESS



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**THE INTELLIGENCE COMMUNITY IN 1979  
ANNUAL REPORT OF  
THE DIRECTOR OF CENTRAL INTELLIGENCE  
TO THE CONGRESS**

**Stansfield Turner  
Director of Central Intelligence**

**25 January 1980**

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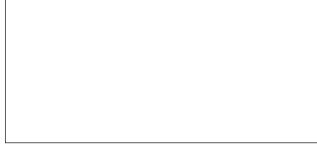
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**THE INTELLIGENCE COMMUNITY IN 1979  
ANNUAL REPORT OF THE DIRECTOR OF CENTRAL  
INTELLIGENCE  
TO THE CONGRESS**

The Intelligence Community faced three major challenges in 1979:

*to improve the quality of political and economic intelligence in the face of rapidly and sometimes profoundly changing requirements;*

*to ensure that we could effectively carry out our many treaty monitoring responsibilities despite the loss of some capabilities and the heavy demand placed on others; and*

*to respond positively to the effects of active Congressional oversight.* ☐

Our response to these challenges this year demonstrated the enduring strength of the United States' intelligence services and their growing ability to function as a Community. Because these challenges will remain with us for the foreseeable future, we must continue to strengthen the Community's capabilities in collection and analysis in order to anticipate the problems of tomorrow and deal with them effectively. This report, consequently, assesses the Intelligence Community's performance in 1979 from two perspectives:

- the major challenges and how they were met; and
- the primary lessons learned and their implications for our future direction and capability. ☐

**Improving Political and Economic Intelligence**

*To improve the quality of political and economic intelligence in the face of rapidly and sometimes profoundly changing requirements.*

For the Intelligence Community the year ended as it began—with attention focused on Iran. Our experience there underscores the importance of sensitivity to broad trends and underlying social, political, and economic forces that will shape the international environment in the 1980s. How well equipped are we today to detect these kinds of social and political changes, changes that could threaten U.S. interests elsewhere? ☐



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**IRAN**

When the government of the Shah fell, the Intelligence Community was criticized for not predicting the event in advance. The real issue here is not whether we were able to predict the moment of the Shah's fall. There were no written plans for the kind of revolution which occurred in Iran. The moment when disparate forces coalesce behind an obscure or unlikely leader is a moment of spontaneity usually unforeseen even by the participants. While predicting such events is certainly to be strived for, it is only the final step in a continuing process of warning, whose earlier steps are probably more important because they give the policymaker the time and the option to act.

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Consequently, the real issue is how well we alerted the policymaker over the years to the drift in Iran, to the mounting challenges to the Shah, and to the increasing likelihood of revolution at some unspecified time. As a country moves toward revolution, certain trends can be assessed and the policymaker alerted. We did reasonably well in these areas, but we can and should do better. Even more importantly, we must be able to sense such trends over a wider range of countries than ever before. This means being able to formulate better reporting requirements that alert us to what is happening throughout society and finding the means to sensitize analysts to the more subtle and fundamental forces at work.

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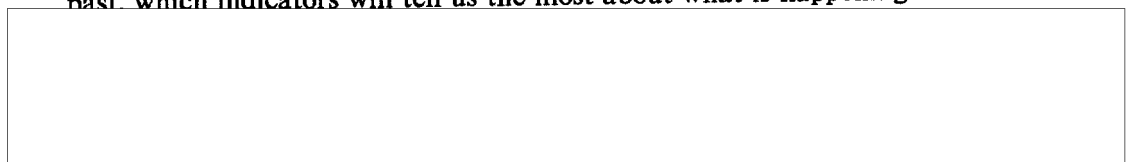
Early in 1979, we moved as a Community to improve the quality of political reporting on potentially unstable areas. A key element to this effort has been the Political Intelligence Working Group, composed of the Under Secretary of State, the Deputy to the President's Assistant for National Security, and the Deputy Director of Central Intelligence. This group has developed a list of critical countries and current concerns. It has sharpened the definition of requirements in these areas. The result has been better coordination and more focused collection and production. Through the Policy Review Committee (Intelligence), top policymakers have also defined their longer term intelligence interests and needs and expressed them as National Intelligence Topics. The Deputy Director for National Foreign Assessment took the lead in assuring that the Community developed a coordinated production strategy for addressing these Topics in 1979-1980, and the Deputy Director for Collection Tasking has formulated the collection objectives, tasks, and priorities to support this production effort.

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**DETECTING  
SOCIETAL  
CHANGE**

Beyond these institutional responses, we are examining and writing more about trends in developing countries and other societies undergoing stress. We are in the process of determining, more systematically than in the past, which indicators will tell us the most about what is happening. Within

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increasingly needed. We will have to coordinate carefully our intelligence efforts with the information-gathering activities of other Government agencies. ☐

***ECONOMIC  
INTELLIGENCE***

Astute economic intelligence is also increasingly essential to foreign policy. Political relations among nations will be shaped in part by the adequacy of essential energy supplies and access to other raw materials. As 1979 closed, for instance, the United States was instituting economic pressures on Iran and weighing the effects of possible loss of Iranian oil production. Policymakers will expect intelligence to signal potential stringencies, to interpret their political effects, and to continue supporting ongoing international economic negotiations. ☐

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This year we increased our attention to the economic problems of key lesser developed countries and to developing multidisciplinary task forces to study major resource issues. The Petroleum Supply Analysis Center, for example, combines all relevant technical disciplines and involves the entire Community in its studies. This Center serves the policymaker with estimates of oil production possibilities of key producers and analyses of the technical implications of production policy decisions. Additionally, we increased our support to U.S. negotiators at international economic conferences and, with the Department of Commerce, have developed a mechanism for sharing more unclassified economic intelligence work with the U.S. business community. ☐

***BALANCED  
ANALYTIC EFFORT***

As the Iranian experience has shown, it is essential to strike a balance between current intelligence and the analysis of trends against a larger backdrop. Yet, requests for current intelligence—an appraisal of fast-breaking events or support in a crisis—place a heavy burden on the analysts' time and exact a toll on long-range work. It was with this in mind that in December I authorized the reorganization of the National Intelligence Officers into a National Intelligence Council to ensure, in part, that a conscious Community effort is made to enhance our capacity for estimative, multidisciplinary analysis. Developing the skills required for this type of analysis is a long-term process and one that philosophically views each analyst as a specialist, trained and ready, though perhaps never called on. A prime challenge we face in developing such depth within the Community is to keep the motivation of our people high, though a dramatic requirement for their skills may be rare. Toward this end I have initiated a competitive program of research grants for individual analysts throughout the Community. This "Exceptional Intelligence Analyst Program" permits our specialists to improve their analytical skills through advanced research with other Government agencies, at universities, and through advanced language and foreign area studies. ☐

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Much remains to be done throughout the Community to improve the quality of political analysis and to integrate it with economic intelligence. It will be especially important to increase the focus on countries where there is high probability of societal change. We must understand better the historical, cultural, and religious forces driving such change and strengthen the base of political and economic intelligence so that we will be ready for shifts in policy attention as events unfold.

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### Monitoring Responsibilities

*To ensure that we could effectively carry out our many treaty monitoring responsibilities despite the loss of some capabilities and the heavy demand placed on others.*

Throughout 1979 the entire spectrum of our monitoring capabilities was put to the test. Early in the year access to some data on Soviet ICBM testing activities was ended. Shortly thereafter, we formally became responsible for monitoring the most comprehensive and complex arms control treaty ever negotiated. And, events in the Middle East, Asia, and Central America put a heavy and almost constant burden on our crisis monitoring capabilities. There were thus three primary dimensions to this challenge: preparing to monitor the SALT II Treaty, assuring through teamwork that we could handle SALT along with our other responsibilities, and establishing priorities that effectively allocated our collection assets.

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### SALT

Perhaps the most difficult was in the area of SALT. SALT II contains 70 monitoring tasks, ranging from counting the number of Soviet strategic nuclear delivery vehicles to assessing their characteristics. Extensive Congressional hearings were held to ascertain our ability to perform each of these monitoring tasks.

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The review of our strategic nuclear monitoring capabilities posed a number of special problems. In the national debate over the SALT II Treaty, both the public and the media sought to draw the Intelligence Community in as either a proponent or opponent of the Treaty. The Community cannot under any circumstances permit itself to be used as an advocate of any policy without forsaking its most important contribution: the provision of credible, unbiased intelligence, uninfluenced by any policy considerations. Therefore, the Intelligence Community carefully carried out its proper role of providing, to both the President and the Congress, an impartial and necessarily classified assessment of how well we could check on or monitor each provision of the Treaty. We scrupulously eschewed

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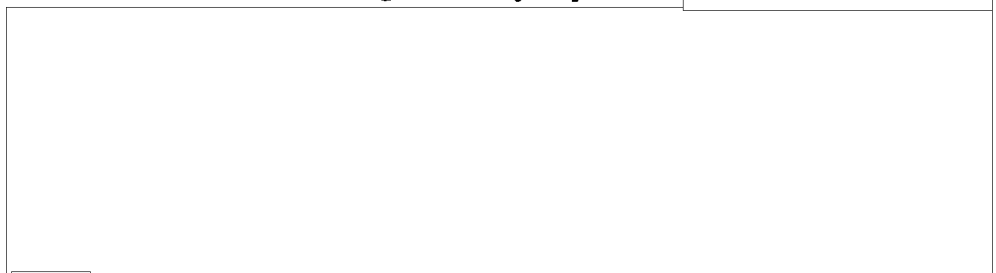
expressing opinion on the adequacy of verification because such a judgment can only be made in the light of policy alternatives. [ ] 25X1

We were also required to demonstrate how well we could compensate for loss of access to some data. This was no small task. We were dependent in the short run on our ingenuity in the use of existing resources. However, with the Community's ability to work together we are regaining a portion of our capability to monitor Soviet missile development. [ ] 25X1

### **TEAMWORK**

Teamwork is also essential to the Community's effectiveness in monitoring compliance with numerous other arms control treaties and agreements, supporting ongoing negotiations, and assessing Warsaw Pact orders of battle and deployments to forward areas as well as the activities of other key foreign military forces. [ ] 25X1

Monitoring conventional force developments and deployments is especially important in assessing the elements of competition in the overall U.S.-USSR relationship. It is essential for policymakers to know, for example, when changes in order of battle or forward area deployments signal genuine shifts in political and strategic military objectives. [ ] 25X1 25X1



### **SOVIET BRIGADE IN CUBA**

In 1962 there were about 17,000 Soviet ground combat forces in Cuba. Their primary mission was to provide security for IRBM/MRBM sites. In the wake of the missile crisis most of those troops were withdrawn. We believed that the small number which remained were not organized in combat units, but were part of the Soviet training and advisory effort. It was not possible to disprove this contention until August of 1979. We then uncovered evidence that clearly pointed to the presence of a Soviet motorized rifle brigade in addition to the Soviet advisory mission and the Soviet signals intelligence collection effort. [ ] 25X1

This experience underscores the importance of a Community approach to collection and analysis. The intelligence breakthrough in August was a team effort. The experience also demonstrated the value of amassing a large data base and the effectiveness of our system to index and store such information. Had this information not been available, it would have been impossible to trace the origins of the Soviet force and document in retrospect the evolution of the buildup. [ ] 25X1





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**KOREA/  
AFGHANISTAN**

A similar team effort was required to reassess our evidence and judgments about the size and order of battle of the North Korean army. While one component of the Community pushed ahead with its work in locating new units, its findings were shared with other components to facilitate independent verification of the data. Through such coordinated analysis we were able to develop a new assessment of the order of battle of another extremely difficult monitoring problem. When, on Christmas Day 1979, the Soviet invasion of Afghanistan commenced, we were well aware of the size of the buildup that preceded it. This was, again, the product of fine teamwork between our various disciplines for collecting data. ☐

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**PRIORITIES**

**CHINA/VIETNAM**

Other crises in the Far East, the Middle East, and Central America also tested the Community's ability to establish priorities and allocate a limited number of collection assets. The outbreak of hostilities between China and Vietnam, for example, confronted us with the problem of how best to allocate these assets. Obviously, intense interest in the hostilities required that we cover them on a daily basis. But we also had to make sure that other targets of equal or even greater long-term priority in the area were covered as well, e.g., Korean warning. If crises alone drive collection, we risk being in a poor position to anticipate other developments which might become more significant. How do we decide between conflicting priorities? ☐

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**NICARAGUA**

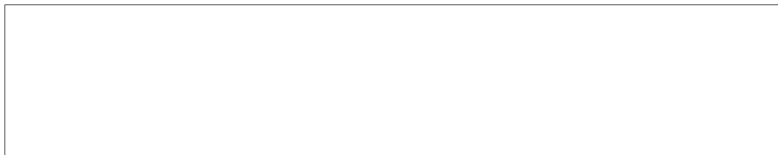
Executive Order 12036 set up the National Intelligence Tasking Center (NITC) to bring the best combination of the Community's collection assets to bear on problems in accordance with the national priorities established by the National Security Council and to resolve any conflicts of priority which may later develop. During the Sino-Vietnamese crisis the NITC demonstrated its ability to adjudicate priorities and maintain coverage with limited collection resources. Our concern over the situation in Nicaragua last summer and the eventual takeover there by the Marxist-led National Front also necessitated adjustments of collection efforts in the Caribbean area because this coincided with our heightened efforts to monitor the Soviet presence in Cuba. ☐

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**IRAN/  
AFGHANISTAN**

In the fall we faced conflicting priorities and competition for resources in covering crises in Iran, Afghanistan, and related areas of the Moslem world. Greater attention was paid to coverage of Afghanistan during the period of the Amin coup in September 1979, before the onset of the Iranian crisis. In November the takeover of our Embassy made collection on Iran our highest priority. When the Soviet Union began its massive military buildup in preparation for invading Afghanistan in early December 1979, we were again faced with the necessity of reordering our target priorities. The collection managers mobilized assets across the board to cover the entire Iranian/Afghan/Soviet border/Persian Gulf areas as an entity. This

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**TACTICAL  
SUPPORT**

regional approach permitted the sharing of scarce resources for collection on priority targets in neighboring countries. ☐ 25X1

It is appropriate to note at this point that the activities of the Community are not focused solely on meeting the needs of Washington policymakers. Our capabilities are such that they can supplement the tactical assets of our military forces in the field. The interface between national and tactical systems is a complex one, but we are in the process of developing these relationships through a series of cooperative tests with the military forces. Between April 1978 and March 1979, the Intelligence Community supported three major tests sponsored by the Joint Chiefs of Staff. In addition some 24 military exercises were supported by DCI collection committees. These exercises permit us to take the theory behind the interface and subject it to the exigencies of the real world to determine how we can most effectively support tactical forces overseas. ☐ 25X1

In sum our experience in 1979 demonstrates the need for versatility and a surge capacity in monitoring systems. The versatility is there. Through the NITC we can shift priorities rapidly from one area to another and then program collection systems to intensify coverage of trouble spots. However, the capabilities of our monitoring systems are not unlimited, and we are continually faced with the need for adjusting our monitoring priorities. Until these capabilities are enhanced, it will be the job of the NITC to balance competing requirements with the resources available. ☐ 25X1

**Oversight and Legislation**

*To respond positively to the effects of active Congressional oversight.*

It is essential for an intelligence service to conduct its operations in secret and to protect the sources and methods by which it gathers information. The American Intelligence Community must also operate within legal constraints, must not infringe on the rights of Americans, and must be accountable for its actions. Today we must adjust to greater oversight, and greater openness, while at the same time protecting our sources and methods of collecting information as well as the information itself. ☐ 25X1

Congressional oversight has been thorough and constructively critical of our operations, our finances, and our product. Such active oversight, coupled with the frequent appearances of Community leaders before Congressional Committees, has benefited us. It has increased understanding of our role and helped generate important Congressional support for necessary resources and for an enhanced capability to protect secrets. ☐ 25X1

**LEGISLATION**

The House Permanent Select Committee on Intelligence, for example, has introduced urgently needed legislation, co-sponsored by the entire Committee, to provide criminal penalties for the unauthorized disclosure of ☐ 25X1



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information identifying certain individuals engaged or assisting in U.S. foreign intelligence activities.

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We also have been working closely with the Senate Select Committee on Intelligence in a cooperative effort to write new Charter Legislation for the Intelligence Community. This would provide clear statutory guidance to the Community in order to assist it in carrying out its functions. We are pleased with the support we are receiving from these two Oversight Committees.

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### **SECURITY**

There are, of course, risks inherent in any process that details our budget, clandestine operations, and key analytic findings. The danger that sensitive sources and methods will be disclosed is unquestionably increased in direct proportion to the number of people who know them, irrespective of who they are. Leaks continue to be one of our most serious problems. I have written to the Attorney General and to the chairmen of the appropriate Congressional Committees to alert them to unauthorized disclosures of classified information and to stress the damage which may result. The more serious breaches of security have been referred to the FBI for investigation.

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While we will continue to investigate every instance of a security breach, I am persuaded that our best insurance against leaks is a two-pronged effort. On the one hand, we are purging the system of that which can be declassified, thus reducing the material which must be safeguarded and thereby increasing respect for it. On the other hand, we are protecting better that which remains classified. The President's approval, just at year's end, of a new system of codeword security will do much to assist us in this latter direction.

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### **Counterintelligence**

The totality of threats by hostile intelligence services to U.S. national security interests—by espionage, SIGINT, imagery and other specialized techniques—has continued to be a major Intelligence Community concern. A relatively new total protection concept is being implemented, adding  counter-imagery to human counterintelligence, and integrating all three with an enhanced approach to personnel, physical, information, computer, and operational security.

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The Special Coordination Committee for Counterintelligence (SCC/CI), the national policymaking body for counterintelligence, now uses this approach. A small, interagency National Multidisciplinary Counterintelligence Threat and Countermeasures Assessment Center has been established under the DCI at the direction of the SCC/CI. The SCC/CI has

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also created a Counterintelligence Working Group which has been identifying and trying to work toward the solution of such problems as:

- [redacted] 25X1
- Coordination of information provided via double agent operations;
- Enhancement of security during construction of the new embassy in Moscow;
- Resolution of different personnel security clearance/investigative standards within the Intelligence Community;
- Authoritative identification of critical technology for protection;
- Establishment by the FBI of a central file of hostile intelligence service clandestine collection requirements against the U.S.;
- Study of existing U.S. counter-imagery programs to facilitate consideration/adoption of a national policy; and
- Preparation and issuance of a National Counterintelligence Production Register to support individual agency multidisciplinary counterintelligence analytical efforts. [redacted] 25X1

Individual counterintelligence agencies have increased their mutual support activities. Particularly noteworthy has been:

- [redacted] 25X1
- [redacted] 25X6

#### Future Directions

The Intelligence Community is moving into a more demanding time than ever before. In the 1980s the trend toward upheaval in the Third World will continue as social and political forces struggle with the problems of modernization and accelerated change. Understanding the nature and dynamics of such struggles and alerting policymakers as to how they may threaten free world interests will remain high on the Intelligence Community's agenda. At the same time the elements of competition in the U.S.-USSR relationship will place a heavy burden on our ability to monitor key military and political developments in an effort to anticipate and help avoid crises. Relations among the industrialized countries and between them and key Third World states, moreover, will be complicated by differences in

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approach to potential crises, as well as by conflicts related to the goals of energy, security, and nuclear nonproliferation policies—all topics on which policymakers will expect perceptive analyses. [ ]

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If the Intelligence Community is to continue to be responsive to policymakers, we can no longer concentrate as predominantly on Communist military activities, our primary focus for the past 30 years. There is a clear need to rethink the traditional balance of our collection and analytical efforts between the “hard targets” (the USSR, Eastern Europe, and China) and the Third World, as well as the balance between resources devoted to science and technology and military subjects, as opposed to political and economic subjects. Currently, for example, over seventy-five percent of the production analysts in the Community work on S&T or military subjects. Less than twelve percent deal with political issues. In the period ahead our concerns with politics, economics, food resources, energy, population growth, narcotics, international terrorism, technology transfer, and a host of other forces which affect the relations of nations will certainly continue to grow. It should be clear that this diversification of effort will not be done at the expense of our efforts to deal with the Soviet challenge in all of its aspects—military, political, and economic. [ ]

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Because of this increasing breadth of intelligence interests, we will be compelled to develop better strategies to assure balance between our capability to collect intelligence through technical means and our capability to satisfy requirements through agents in the field. The more information technical systems provide us, the more questions are raised. Generally, a photograph [ ] reveals something that is different from what has been observed in the past. The policymaker then asks why there has been a change and what may happen next. Discerning motivations, intentions, and future plans is the forte of the intelligence officer. Rather than devaluing traditional methods, therefore, our burgeoning technical collection capabilities increase the importance of human collection. The challenge here will be to coordinate vast quantities of technically collected information with the human intelligence effort so that they enhance one another. [ ]

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In the sections that follow, the leaders of the major Intelligence Community components report on specific issues and problems which concern them and which will require special emphasis over the next several years. These issues, as well as the ones which I have raised in this overview, underlie the Intelligence Community's goals for 1980:

- to develop better means of anticipating the major challenges for intelligence over the next decade and their effect on future collection and analytical requirements;
- to strengthen the base of in-depth, multidisciplinary analytic expertise;

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- to evaluate the management and quality of national intelligence estimates and memoranda, with particular emphasis on their timeliness and on their utility to principal policy consumers;
- to develop the techniques both for the collection against and analysis of long-term societal change in the Third World;
- to enhance coordination of Community-wide research and analytic production on National Intelligence Topics of long-term interest; and
- to assist the Congress in ensuring that Charter Legislation provides for adequate Community accountability, yet permits the degree of flexibility which is indispensable to effective intelligence work.

These objectives will help focus the skills we have as a Community to respond to the challenges that face the nation. They will help assure continued progress in fashioning an American model of intelligence, one that is consistent with our traditions, responsibilities, and resources.   25X1

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## REPORT FROM DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

### CIA: 1979 in Retrospect

The results of CIA's multifaceted activities converge in our end product—intelligence analysis and support tailored to meet the needs of U.S. policymakers. During 1979 we made great strides in our ongoing efforts to increase the relevance and responsiveness of our analysis to policy concerns. The constant pressure, however, to analyze a growing number of increasingly complex foreign intelligence problems continues to make our task more challenging.

### Production Highlights

During 1979 the Agency compiled a significant record of accomplishments in intelligence production. Highlights included the following:

- Presentations to Congress on SALT II monitoring put this complex and controversial issue in a perspective that fully met the needs of three Senate committees.
- Production on energy issues continued to enhance the Agency's role as an authoritative source of analysis on the energy crisis and its economic implications.
- Questions relating to nuclear proliferation received increased attention.
- The warning function was strengthened by introducing organizational clarity, producing increased Alert Memorandums, and initiating monthly interagency warning meetings resulting in reports to the DCI and key policy officials.
- Heavy requirements for political, economic, and geographic/cartographic analyses in support of the Middle East peace efforts were successfully met.

- Our analysts promptly identified and examined the implications of a number of important developing situations, including the Chinese attack upon Vietnam and the serious shortfall in the Soviet grain harvest.

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- Useful contributions were made to planners of the U.S. MX relating to possible Soviet responses to that ICBM system and the monitorability of its proposed deployment mode under SALT.

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### Areas for Improvement

Accompanying these successful endeavors were some disappointments. The anticipation of disruptive events in foreign countries can never be complete, but we are striving to do better in this area. An insufficient appreciation of the forces at work in Iran continues to render us vulnerable to unexpected events there. We also need to be more prompt in readjusting priorities to meet trends that we have foreseen, such as the emergence of new problems for U.S. interests in Central America, the Caribbean,  We have taken steps to remedy two more general shortcomings that were evident in 1979: the inadequate emphasis upon interdisciplinary analysis and the weak state of interagency estimates. To attack the former we have:

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- scheduled more research projects involving two or more functional production offices;
- created analytic centers for Cuba and Iran that collocate analysts representing different disciplines; and
- initiated a new production planning process that will encourage more interdisciplinary treatment of major issues.

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We have made two changes to strengthen interagency estimates and assessments:

- a full-time Senior Review Panel of distinguished experts from outside the Intelligence Community has been established to critically review both estimates and the estimative process; and
- the National Intelligence Officers have been incorporated into a new National Intelligence Council with a dedicated staff that will assist them in drafting interagency products.

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### Collection Highlights

Our collection activities are driven by the information needs of policymakers as reflected in the National Intelligence Topics and by the intelligence gaps revealed in the analytic process. During 1979 our exploitation of satellite imagery resulted in:

- a significant portion of SALT monitoring information;
- monitoring of the deployment of the SS-20 mobile IRBM;
- an assessment of the consolidation of the SS-4 and SS-5 MRBM and IRBM systems; and

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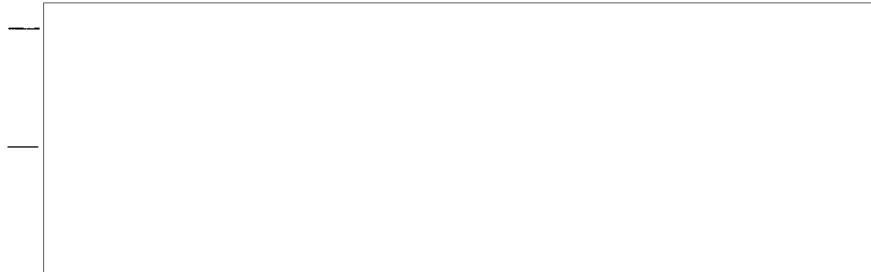


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Other noteworthy accomplishments included:

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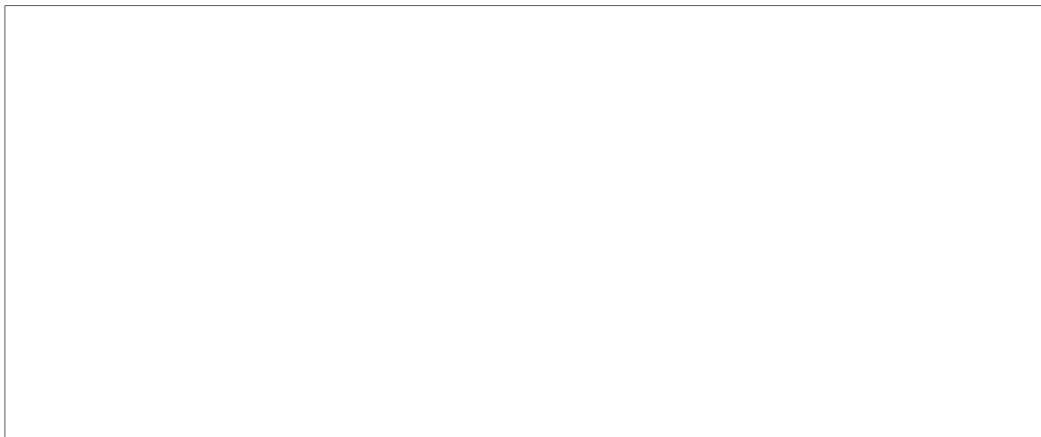
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— initiating the [redacted] and advanced [redacted] programs on schedules consistent with system availability in FY 1984.

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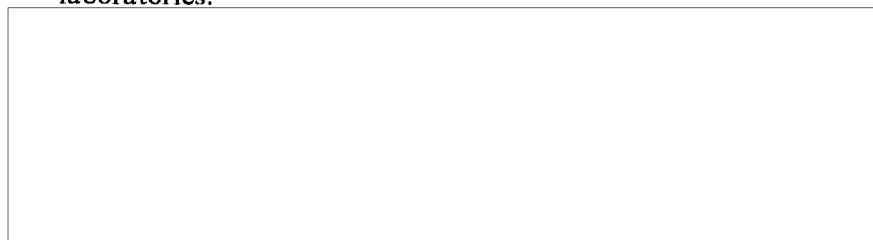


Two other major collection successes stand out in 1979:

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— [redacted] intelligence ultimately resulting in the largest known seizure of cocaine—worth an estimated street value of \$640 million—and six sophisticated cocaine laboratories.

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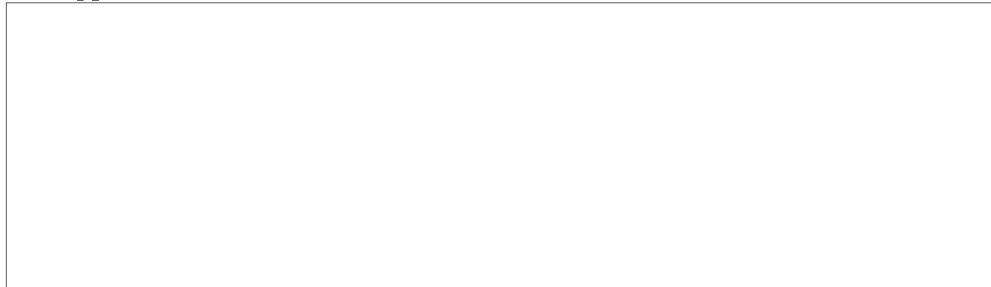




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### Disappointments



The [ ] program for developing a new satellite [ ] [ ] also encountered serious difficulties during 1979. Significant reprogramming of funds was required, reducing the schedule margins to an uncomfortable level. Through extraordinary contractor efforts, however, the launch of the first [ ] spacecraft should take place in the first half of 1980, and the rest of the system should be completed on schedule. [ ]

### Management Initiatives

The new Executive Committee, which replaced the Executive Advisory Group and consists of the Agency's top managers, was created to focus on Agency-wide policy issues and long-range planning. During 1979 they:

- developed policy and procedures for the new Senior Intelligence Service designed to improve the effectiveness of our senior managers by recognizing and rewarding outstanding performance with stipends and awards;
- revised facets of the Agency's personnel management system based on the findings of a National Academy of Public Administration consulting team's review of the system;
- reviewed and provided direction for Agency use of large automated data processing systems;
- initiated long-range planning efforts in a number of substantive areas; and
- reviewed and contributed to the zero-base budget ranking and decision process. [ ]

To track progress being made on short-range directorate goals, an Agency Goals Program was initiated. The DDCI's quarterly review sessions with Deputy Directors and their line managers have generated increased





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cross-directorate understanding of programs, objectives, and problems and set the stage for increased emphasis on Agency-wide goals. ☐

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A five-year program to strengthen the organization's analytical capability was also initiated. Analysts will sharpen their skills with language training, exposure to new analytical techniques, and overseas assignments.

☐

In the aftermath of the Kampiles and Boyce/Lee espionage cases, Agency management has continued to strongly emphasize personnel and industrial contractor security. In 1979 nearly 10,000 background investigations and reinvestigations were conducted on applicants, staff employees, and industrial contractors. Over 60 security audits took place at industrial contractor facilities. These efforts will continue in 1980. ☐

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Federal prosecutions that could result in the disclosure of classified information have been another key security concern of Agency management. Our lawyers succeeded in developing a variety of *ad hoc* procedures to avoid such disclosures in several major cases in 1979, including *U.S. vs. Kampiles*, *U.S. vs. Madsen*, and the so-called ITT/Chile case and the Letelier case. We have worked closely with the Department of Justice on "Greymail Legislation" which, if enacted, should substantially reduce the number of cases in which the Intelligence Community is asked to make intelligence information available for public use in criminal trials. ☐

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Our efforts to protect intelligence information, sources, and methods would also be strengthened by enactment of legislation similar to that introduced in October by the entire HPSCI that would make it a criminal offense to disclose the identities of certain individuals engaged or assisting in foreign intelligence activities. Another important aid to our efforts to maintain our sources of human intelligence would be the enactment of legislation providing partial relief from the Freedom of Information Act, which has become a symbol of what is perceived to be the U.S. Government's inability to keep secrets. ☐

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Intensive efforts to develop Charter Legislation have made significant headway. This legislation would provide clear statutory guidance to the Intelligence Community to assist it in carrying out its functions. ☐

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#### Relations with Consumers

Notable progress was made in 1979 in anticipating consumer needs. The newly established Political Intelligence Working Group produced joint (CIA/State/NSC) vulnerability studies and reporting evaluations on 20 high-priority countries and CIA-State action plans recommending specific ways each mission could improve political reporting to better meet the needs of our principal consumers. The system of defining National Intelligence Topics and then gearing collection and production to them was further

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25X1 elaborated. By following the activities of major Congressional committees and the special concerns of individual members, the Agency maintained a steadily increasing flow of information to Congress to satisfy their needs. In the public sector efforts to contribute to the public debate on critical national issues by distributing appropriate unclassified publications and establishing a CIA Speakers Bureau appear to be helping build public confidence in the Agency. [ ]

### Resource Needs

25X1 To meet the increasing demands for more and better intelligence, Agency management reallocated its tight resources in 1979 to undertake innovative programs to address the plethora of new issues facing policy-makers. Reallocations included continued curtailment in general support programs, reduced travel, and large personnel cutbacks in the Operations and Administration Directorates. These moves enabled the Agency to augment its cadre of analysts and plan for a few initiatives, including Project SAFE to provide analysts more computer assistance and [ ] to garner more intelligence from near-real-time imagery. Progress was also made on the [ ] program. [ ]

25X1 The resource outlook for 1980 is even tighter than our 1979 experience. We will, however, maintain our personnel levels and, with further trimming of our Administration and Operations Directorates' activities, be able to initiate significant funding for [ ] One pressing resource concern requiring attention in 1980 is replenishment of the Reserve for Contingencies. This Reserve, used to finance unanticipated requirements, is [ ]

### Prospects for the Future

25X1 As the international system becomes increasingly complex and marked by accelerated change, our traditional focus on Sino-Soviet military activities must be further broadened to encompass virtually every part of the globe and a wide range of issues. If we are to be responsive to policymakers in the years ahead, we will also need to focus on:

- prospects for the strained Soviet economy and the consequent political implications;
- 25X6 — modernization programs of middle-level powers [ ]
- the military/strategic implications of the advance and spread of technology;
- the social/political/economic implications of resource scarcities (food, petroleum, water) in key countries and regions;



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- the potential for instability anywhere in the Third World;
- international terrorism;
- growing requirements for supporting arms control negotiations and monitoring resulting agreements;
- NATO's theater nuclear force problems;
- Soviet development of high-energy laser systems; and
- the potential for increased Cuban intervention in the Caribbean

As we face these increased demands, we realize our operating environment overseas will become more hostile. We therefore anticipate the need for:

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- automated data processing capabilities overseas to increase the productivity of station personnel and to lessen the likelihood of paper records being compromised; and

[REDACTED]

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In thinking and planning for the future, our point of departure is simple: Our country's interests in the world, and its very well being, will continue to be seriously tested and challenged in the 1980s. U.S. policy-makers will need more information that is relevant, insightful, and timely on a broader spectrum of problems and questions than ever before. CIA has started to move in a direction that will meet these challenges. To do the job properly, however, will require the full collaboration of the Executive Branch and the Congress on the tough resource questions involved. [REDACTED]

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## REPORT FROM THE DIRECTOR, DEFENSE INTELLIGENCE AGENCY

### Overview

From an intelligence perspective, the past year clearly revealed that foreign threats to the United States are becoming increasingly serious and diverse, geographically and situationally, and that foreign technology assessments necessary to understand the strategic threat are becoming more complex and sophisticated. As a result, the need for military intelligence across the entire spectrum continues to grow. Unanticipated crisis situations during the year required special intelligence support and adversely impacted on resources dedicated to scheduled production. Nevertheless, significant achievements were realized in DIA's response to the needs of decision-makers. A wide range of timely, all-source, finished intelligence was produced in support of key foreign policy and national security issues. ☐

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### Production Quality

DIA production elements continued to produce quality intelligence on the highest priority national and Defense intelligence objectives, i.e., the strategic and military threat posed by the USSR, China, Korea and Cuba. Indicative of these successes is our improved understanding of China's strategic SSM force levels, strategy and deployment concept, and the comprehensive assessment of the military balance on the Korean Peninsula which was influential in the Presidential decision to postpone further U.S. troop reductions. Support to the development of U.S. positions related to SALT and MBFR negotiations continued to be strong and well received. In this area several unique studies as well as more direct involvement benefited negotiators and delegation members. Enhancements of intelligence production and support included the addition of economic and costing data in support of U.S. Defense expenditure planning, significant intelligence improvements to the Defense system acquisition review process, and increased relevance and accuracy of the Defense Intelligence Projections for Planning. In an ongoing effort DIA is continuing to assess the fragile worldwide oil situation and its strategic implication for the U.S. and its allies. Further, a significant S&T effort was devoted to the development of a threat model for the Joint Cruise Missile Program, and the assessment of Soviet R&D programs in ABM and directed Energy Weapons. Our ability to maintain this high level of competence in the highest priority areas, while at the same time responding to crises worldwide in hitherto less important areas, was pleasing. Overall production, however, suffered greatly in lower priority areas where baseline analysis and data base maintenance were deferred. ☐

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Throughout the year special intelligence "task forces" were set up to provide support to national-level consumers during crises periods. As a stopgap measure, DIA diverted analysts from other priorities to ensure that sufficient intelligence support was available during the periods of tension in Iran, North Korea, Yemen, Nicaragua, Cuba, and Vietnam/China. [REDACTED]

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DIA also revitalized its efforts to support the standing requirement to resolve the status of Americans unaccounted for in Southeast Asia. Renewed focus on the PW/MIA issue was initiated by the addition of resources to support the task through the mid-1980 time frame. With the outflow of refugees from Vietnam, we began a high-priority effort to debrief sources with live Americans sighting (or grave/crash site) information to support the State Department in its negotiations with Southeast Asia Communist governments. [REDACTED]

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### Management

Another area of improvement in 1979 relates to intelligence management. Some of the more important achievements are listed below:

- implementation of Defense Intelligence Information Systems Master Plan;
- improved production management;
- special emphasis on the operational intelligence needs of the JCS and the Unified and Specified (U&S) Commands;
- better coordination of external relationships;
- improved career development, training, and attache operations; and
- organizational realignment which separates resource management and services of common concern from other activities. (C)

A Master Plan has been developed which provides architectural guidelines and implementation initiatives for ADP modernization efforts throughout the Defense Intelligence Community in the 1980s. A major production support system throughout the Defense Intelligence Community is the DoD Intelligence Information System (DODIIS). This system provides ADP and related telecommunications support to all levels down to component and subunified field components. This Master Plan is currently being implemented and includes initiatives: to better define the interrelationships between Defense Intelligence and tactical intelligence systems; to improve intelligence data support to tactical forces; and to provide more effective coordination between planners and developers of a new national collection system and Defense intelligence systems planning and development efforts. The data processing standards being established for the Tactical Command and Control Systems outside the Intelligence Commu-

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nity will continue to be monitored to ensure compatability with current intelligence reporting formats and procedures. ☐

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A five-part program to better manage DoD general intelligence production was implemented. This program consists of:

- developing baseline documentation about the 42 producers from which management decisions can be made;
- developing a Production Responsibilities Document (PRD) that will assign discrete future production requirements to each of the 42 producers;
- conducting production planning conferences to ensure coverage of the critical intelligence needs, reduce redundancy, and eliminate gaps;
- publishing a Defense Intelligence Production Schedule (DIPS), displaying the ongoing efforts of the 42 producers; and
- developing an evaluation and assessment capability that will provide a basis for adjustments in the PRD and DIPS, as well as revision of individual studies to better fulfill consumer needs.

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The overall DoD Indications and Warning (I&W) System was improved; a DoD I&W Policy Council established; and a Management Plan for the Warning Improvement Study Program, a DIA-led R&D effort to improve Community-wide warning performance, was completed. I&W analysis support was enhanced through the achievement of full operational capability of the National Military Intelligence Center Support System, involving seven minicomputers and 38 terminals. Progress also was made on the development of the experimental computerized system to assist alert center analysts in detecting and monitoring levels of unusual foreign military activity. In addition, an alert center analyst-to-analyst intelligence communications system was installed at eight sites to improve I&W intelligence analysis and to provide rapid communications between sites worldwide. ☐

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Finally, the Collection Coordination Facility reached full operational capability as the DoD focal point for time-sensitive collection actions in support of the national command authorities, OSD, JCS, and U&S Commands. ☐

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### Consumer Relations

Another major improvement was achieved in consumer satisfaction. I am especially pleased at our success with NATO initiatives and the direct intelligence support for U.S. policy rendered in this respect. Routine intelligence production support for policy-oriented presentations like the

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Theater Nuclear Force (TNF) Brief, and the beginning easement in compartmented information released to NATO, are examples of positive achievements. Our other consumers in the field—the U&S Commands—are now realizing the benefits of a DIA initiative of many years ago—the Defense Dissemination System. An Exercise Support Staff has also been institutionalized and the TENCAP (Tactical Exploitation of National Capabilities) concept incorporated in DIA's internal organization. Direct intelligence support to SECDEF and his staff; Chairman, JCS; and the Joint Staff continues to be tailored to their requirements and has been substantially enhanced over the past few years. [redacted]

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The Tactical Intelligence Reconnaissance and Surveillance Advisory Group (TIRSAG) was created to advise OSD concerning intelligence support to tactical forces, in conjunction with the DoD Plan for Intelligence Support to Tactical Forces. The TIRSAG membership includes senior officers of Military Services and Agencies, as well as OSD members as advisors/observers. I chair the TIRSAG and have established a dedicated staff to support and advise OSD on:

- tactical intelligence capabilities;
- impact of changes in policy;
- tactical intelligence deficiencies; and
- tactical intelligence planning matters. [redacted]

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In the general area of foreign exchange agreements and relationships, a number of new initiatives were begun in 1979, with the foremost being the establishment of a People's Republic of China (PRC) Exploitation Team to monitor, control, and evaluate U.S. and PRC attache relationships and information exchange. The Defense Attache Offices in Athens, Bucharest, Cairo, Dacca, Lima, Tokyo, and Mexico City, because of their geographic locations and current relations with PRC counterparts, were chosen to test the worth of an unclassified exchange. The initial release to the PRC of the unclassified Handbook on Soviet Armed Forces, coupled with a specific request for information at all seven capitals, was designed to test the PRC attache system to include their response capabilities, coordination problems, and willingness to interact on a "quid pro quo" basis. [redacted]

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Finally, in order to better focus on consumer needs, I created a new Directorate for Defense Intelligence. This organization will manage DIA external relationships; ensure effective and responsive support to key users of Defense intelligence; establish related policy and conduct overall planning for Defense intelligence activities; and provide a coherent basis for dealing with foreign military intelligence organizations. [redacted]

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#### Resource Issues

One of the most serious problems is a lack of adequate analytical manpower. Present capabilities are barely adequate to provide for the most

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essential intelligence needs of the U&S Commands and to address other high-priority requirements such as those against the Communist World. Manpower levels are inadequate to produce required military intelligence on Soviet/Warsaw Pact, Free and Third World nations, and sufficient in-depth analyses and long-range estimates. At the same time, there is an increasing need for intelligence on Free and Third World countries; areas where lower priorities, inflation, and manpower cuts have resulted in reduced capabilities.

Crisis-prone Third World areas will command a significant share of national-level interest for foreign policy and military strategy in the mid-1980s. However, as events in Iran have shown, intelligence on our friends and allies can be as important as information about our adversaries. I foresee a continuing need for more and better intelligence for military contingency planning. Realistically, it is in these Third World areas where support to U.S. contingency plans needs to be strengthened. The most severe manpower shortfalls continue to be in:

- Basic intelligence on the Free and Third World. Adequate, up-to-date data on military forces of these nations, economies, leadership, terrain, demographics, target data, and the industrial and social factors supporting military capabilities do not exist. National planners and military commanders need these basic data for contingency planning and swift and effective responses when required.
- NATO/Western Europe. Reliable data on NATO capabilities and force sustainability in wartime is lacking. This information is not provided by NATO nations. The problem is complicated further by wide diversity in military organizations and equipment. The U.S. also lacks data on present and future NATO leadership and needs more in-depth analysis of West European logistical capabilities to be able to estimate with confidence NATO's ability to support wartime movement of U.S. and other NATO forces. Additional analysts to cover European attitudes and defense concepts are required, particularly in view of the major U.S. initiatives concerning theater nuclear modernization.
- Middle East. More intensive research into military capabilities, military economics, and political developments that can affect force readiness and deployment is required, as well as more analysis of the extent and effect of Soviet equipment shipments to the area and biographic analysis of today's future leaders.
- East Asia and Pacific. In support of U.S. obligations under mutual security treaties to commit forces to military operations, elementary military, political, economic, and demographic data is required for policy-related analysis.



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- Foreign Military R&D. U.S. military scientific and technical intelligence processing and production capabilities continue to range between marginal and inadequate. As U.S. technological advantage erodes, and weapon systems become more costly, demands on DIA increase for specific threat identification and threat projection out to twenty years. To meet these demands better knowledge of foreign progress in basic sciences and technologies, the state-of-the-art in research and development, and projected materiel capabilities is needed. [redacted]

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### Future Concerns

As noted above, it is a necessity that we develop and maintain an adequate intelligence data base that is worldwide in scope. Given the experience of the past few years and the complexity of the international system, it is critical for the U.S. to maintain an adequate military, economic/industrial, geographic, and biographic data base on all foreign countries. We should not be placed in a position where we cannot rapidly assess critical personalities, industrial infrastructure, transportation networks, and military force capabilities in adequate detail to support contingency operations. The existence of an adequate intelligence data base will permit application of resources in a flexible manner at the time when contingency situations arise. In this way we ensure against failure to monitor a potential threat due to the lack of sustained data base information maintenance, e.g., Cuba. [redacted]

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Greater emphasis must be accorded human intelligence collection. As we enter the last part of the century, the requirement to obtain early warning on emerging crisis situations and better assessment of likely hostile intentions through the use of human resource intelligence will be critical. Akin to this need is my growing concern with the cost and sophistication of our technical collectors. Thus, while there are existing, unfulfilled needs for technical collectors, I see the need for a shift of investment away from technical sensor collection to increased human resource potential. [redacted]

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I also see an increased requirement to tie U.S. Defense resource decisions to intelligence analysis as part of the Defense System Acquisition Review Council process. I believe the dollars invested in U.S. Defense systems can be substantially reduced or better rationalized by increased use of intelligence on the potential threats U.S. systems will face. Accurate and timely military and target intelligence to support planners and policymakers in Washington for force and weapon systems development, as well as U.S. commanders in the field, is crucial as the U.S. enters the 1980s—a period of increased unrest in the Third World and friction between the Great Powers. [redacted]

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There is an associated need for better planning. To enhance intelligence planning associated with the Planning, Programming, and Budgeting Sys-

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tem for 1982-1986, DIA developed and published last year the first edition of a yearly Defense Intelligence Plan which covered the worldwide threat and its implications for intelligence, user needs, major intelligence gaps and weaknesses in fulfilling those needs, and intelligence management needs. I believe such a planning system needs to be created for national intelligence systems so the resulting prioritized presentation of requirements with milestones for their satisfaction can be proposed for programming considerations to reduce or eliminate intelligence gaps and to fulfill management needs for the entire Community. [redacted]

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Finally, the expansion of U.S. collection capabilities, coupled with the increased scope of international activity, necessitates a careful review of our current intelligence posture. DIA will continue to maximize technology and manpower resources to improve the "information effectiveness" of its products. Emphasis will be placed on ensuring that final intelligence output is timely, relevant, and eminently useful to the decisionmaking process. In this respect, we must capitalize on major new initiatives, the most important of which include:

- national system support to tactical commanders;
- total system approach to resource programming;
- near-real-time, [redacted]
- provision of more intelligence from foreign government sources; and
- refinement of national intelligence requirements and priorities.

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Overall, I am confident that DIA can respond to the decisionmakers' requirements for military intelligence and meet the continuing challenges confronting U.S. national security. [redacted]

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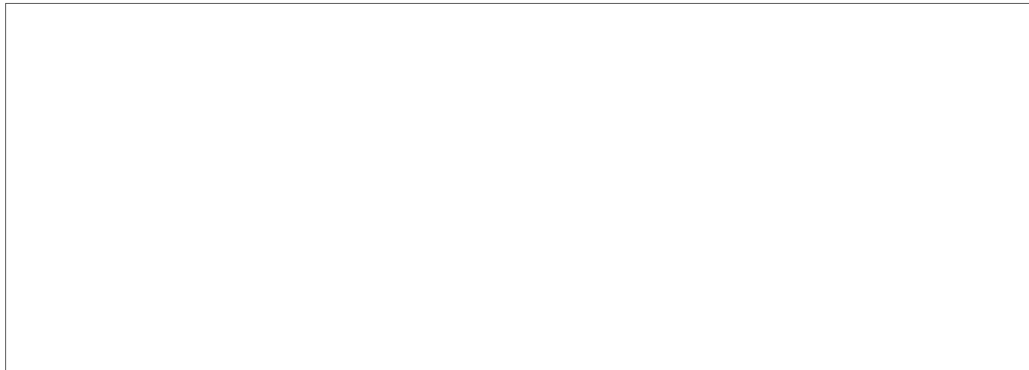




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## REPORT FROM DIRECTOR, NATIONAL SECURITY AGENCY

### Overview



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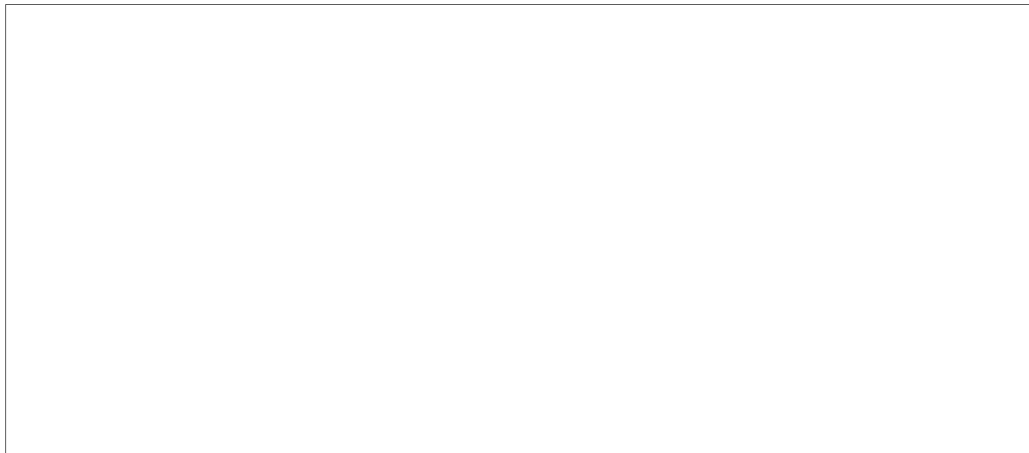
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In general the SIGINT system is now operating in overall good health, with an important potential for future utility. Technically—with respect to our ability to exploit on a timely basis foreign communications of high interest to us—our capability has been brought to a point never previously achieved. This fortunate posture represents, however, a precarious balance which will require continued investment in order to cope with continuing changes in the means by which foreign targets communicate and protect their messages. There is nevertheless a level of opportunity not previously available to increase the scope of intelligence derivable from this source across a wide range of information needs concerning both Soviet affairs and the activities of other countries as well. This opportunity applies to SIGINT per se and also to the interaction between SIGINT and other disciplines. Funding levels associated with these potential improvements now appear to represent a more important constraint than the technical factors which earlier limited our success.



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### **Research and Development**

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We have been able to take deliberate action to improve our ability to acquire, deploy, and operate advanced SIGINT systems. SIGINT system requirements continue to strain the capability of U.S. industry—a situation which requires informed management attention in both Government and industry. [REDACTED]

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We have implemented internal management procedures which ensure prompt treatment of developmental issues, improved technical specification prior to contract, and selection of the correct contract form. Some excellent results are already in hand. For example some 10 new systems of significant complexity and modest technical risk have been delivered completely within our budget and schedule estimates and with less than one-percent cost growth after contract award. In some systems which represent higher degrees of technical risk, we have been able to direct a contractor to restructure a system design in order to provide a usable capability at reasonable cost. In others we have not been able to avoid cost growth to the extent we would like, but we have been able through technical and management solutions to constructively improve the situations and acquire new collection and processing systems which are substantial improvements over their predecessors. [REDACTED]

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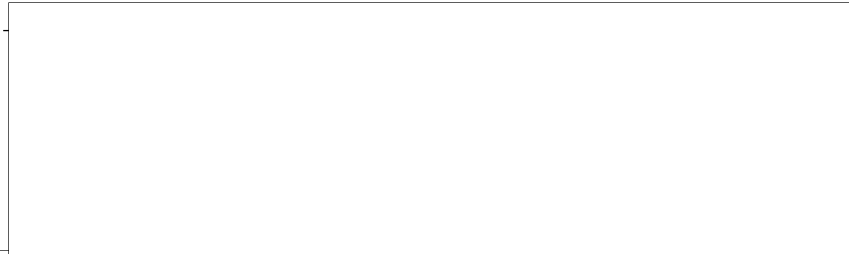
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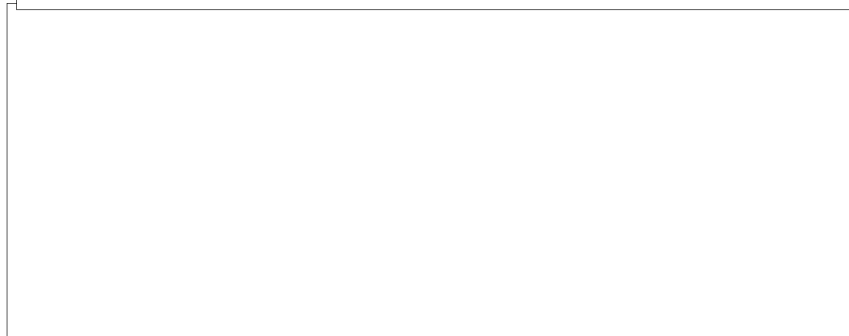
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**Management Initiatives**

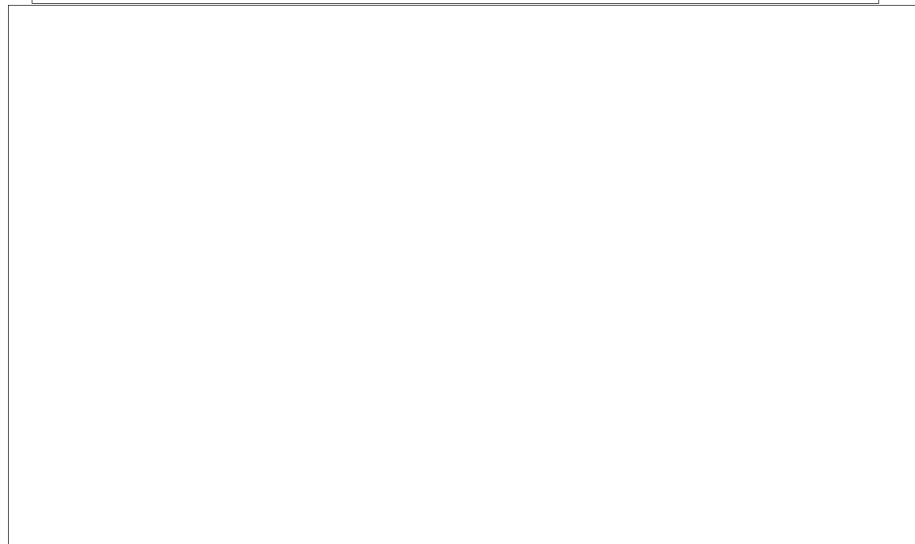
The following advances made during the past year should contribute to the future effectiveness of the SIGINT system:



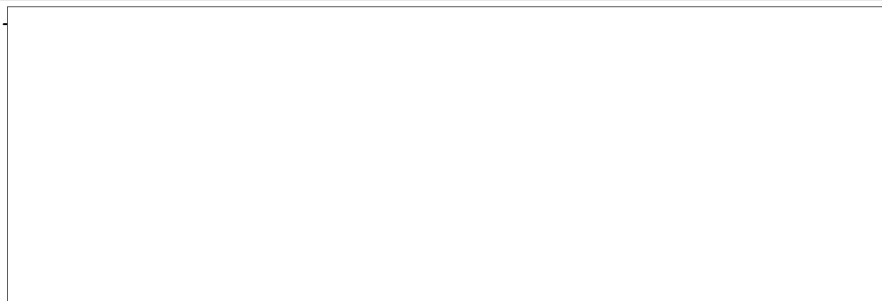
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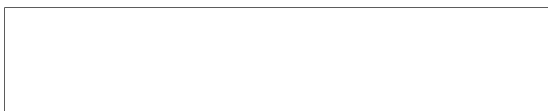
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The encouraging part is that we have the basic technological abilities to keep pace in critical technical areas. The key decisions will be those relating to whether we *wish to* keep step, rather than whether we *will be able to* keep step. Our abilities to strike the proper balances in the resource world will be the determinant.



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**REPORT FROM ACTING DIRECTOR, BUREAU OF  
INTELLIGENCE AND RESEARCH  
DEPARTMENT OF STATE**

**Overview**

The Bureau of Intelligence and Research (INR) continued last year to improve its efforts to assure (a) that policymakers in the Department of State were provided with the information and analyses necessary for policy decisions, and (b) that intelligence activities abroad were subjected to proper political oversight. The Department's senior officers, in dealing with various major issues and crises, increasingly tasked INR this past year to provide them—directly or through coordination with the Intelligence Community—with the data and analytic judgments needed for policy action. [REDACTED]

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To meet these needs INR's Directorate of Research and Analysis (DDR) used an enlarged mix of briefings, memoranda, reports, and special publications—notably the Secretary's *Morning Summary*. DDR drew on Foreign Service reporting, on overt materials, and on the raw and finished intelligence published by other Intelligence Community agencies to furnish the Principals and other policy officials in the Department the information and analyses required. Thus, the Bureau served both as a service agency and as a middleman between the producers and the consumers of intelligence.

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[REDACTED]

INR's Directorate of Coordination (DDC) also served in a middleman role, conducting liaison and review to ensure that intelligence collecting agencies carried out their activities in accordance with our foreign policy priorities and in ways that minimized any jeopardy to our interests. DDC also worked closely with other components of the Intelligence Community in [REDACTED]

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weighing the implications for future operations that were pointed up during this past year of upheaval there. [REDACTED]

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In 1979 INR also assisted senior policymakers to target more efficiently the reporting of the Foreign Service—a major source of intelligence—on selected critical subjects. INR provided extensive backstopping for the Department's participation in the Political Intelligence Working Group, which has taken steps to improve reporting priorities and resources, especially in countries deemed particularly vulnerable and important to the U.S. [REDACTED]

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Most of the above activities characterized INR's operations in previous years. Last year, we also decided to pay more attention to long-range research. Toward that end, in August, we established a new position—

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Deputy Director for Programming. That Deputy will supervise in-depth research projects done both by INR's staff and by the consultants and contractors under INR's external research program. [REDACTED]

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### Where We Did Well

Understandably the demands on INR's Directorate of Research and Analysis were greatest in the crisis-wracked Near East and South Asian area. There, our analyses:

- identified the weakness of the Taraki regime and detailed the growing Soviet intervention in Afghanistan;
- warned of the impending fall of the Bazargan government in Iran;
- forecast Israel's changing policy against the PLO in Lebanon; and
- warned of possible hostility on the Libyan-Egyptian border. [REDACTED]

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In its treatment of developments in Latin America, INR:

- pressed the Intelligence Community to explain various Soviet military anomalies in Cuba and thereby helped to confirm the presence of the Soviet brigade there;
- drafted the Special National Intelligence Estimate on Cuba; and
- furnished extensive intelligence support to the Assistant Secretary for American Republic Affairs during the Nicaraguan crisis, including the presentation of a daily situation briefing.

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INR has been heavily tasked to provide analytic support to policy-makers related to Africa. Our main efforts were focused on:

- Rhodesia, where we analyzed the negotiating strategies, the military situation on the ground, the role of the Front-Line states and other external parties, and the relative strengths of the Patriotic Front and the Salisbury parties; and
- South Africa, where we gave special attention to nuclear developments and to the government's intentions with respect to the separate development policy. [REDACTED]

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INR's analyses for policy officials concerned with Western Europe included papers on:

- Spain, in which we argued that the Basque terrorists, however abhorrent their acts, did not threaten the Suarez government; and
- Turkey, in which we covered the implications of the governmental crisis there for U.S. policy. [REDACTED]

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Reports on the Soviet Union that consumers found particularly useful included:

- historical studies for the Vienna summit;
- a lengthy report on Jewish emigration;
- assessments of military moves on the Sino-Soviet border;
- Soviet military involvement in Afghanistan; and
- the Soviet buildup in the Kuriles. [redacted]

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In our coverage of the Far East, INR reports:

- warned of Chinese intentions to attack Vietnam;
- examined the likelihood of a “second lesson,” and
- analyzed the probability of a North Korean attack on South Korea in the wake of President Park’s assassination.

In the political-military field, INR’s support to policy officials was concentrated on:

- matters related to compliance with, and implementation of, the SALT I agreements;
- approaches to issues in the SALT II and ASAT arms control negotiations, including monitoring and verification considerations;
- planning for negotiation of a SALT III Treaty;
- provision of advisors to Standing Consultative Commission, SALT, and ASAT delegations; and
- nuclear proliferation issues, especially those involving Pakistan and South Africa. [redacted]

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In economic affairs INR’s usefulness was marked in:

- its analyses of oil supply, especially its judgments that there was no overall global oil shortage despite the Iranian cutback;
- its commentaries on Polish foreign exchange debt; and
- its extensive use of the global Link model for simulations of economic contingencies, particularly in predicting the effects of oil price changes. [redacted]

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#### **Where We Might Have Done Better**

We could have done more and better work on a number of areas and subjects if we had had the analysts. Lack of personnel handicapped us, particularly in our work on the Arabian Peninsula, Egypt, Jordan, Iraq, NATO, and the Chinese economy. (This topic is discussed further below under Resource Needs.) [redacted]

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### Relations With Consumers

INR has an unusually close relationship with its main consumers—the Secretary and his principal associates.

- INR officers are often physically close to their operational counterparts and to policy officer consumers of intelligence.
- INR officers, roughly half of whom are Foreign Service Officers, meet almost daily with their colleagues in the geographic and functional bureaus, often attending their staff meetings.
- INR's top officers have similarly close daily involvement with the Department's Principals. This close contact enables INR to keep track of—and anticipate—the immediate intelligence needs of policymakers. [redacted]

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During this past year we continued our heavy emphasis on serving the current intelligence needs of the Secretary and of his immediate associates mainly by means of our analytical contributions to his *Morning Summary* but also by frequent special memoranda. We also made greater use of our regional trends and developments reports, which consist of an interpretive essay plus factual summaries.

- We increased the frequency of *African Trends* from two to three times a week.
- We initiated a *Soviet Trends* report once a week, to complement the weekly *Soviet Highlights* report.
- We continued to issue *Arab-Israeli Developments* six times a week. [redacted]

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The unsolicited expressions of appreciation for these periodic reports from high policy officials, as well as the frequency with which these reports are quoted in meetings, confirms our belief in their continued usefulness.

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While we gave—and will continue to give—top priority to current intelligence, we took the first steps to stress longer term research. Our aim is to earmark a certain portion of our analysts' time for thinking further ahead than in the recent past to issues, trends, and areas that are not problems yet but may become such. Toward that end we have established a new position, that of Deputy Director for Programming. [redacted]

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Even before the establishment of the new Deputy Director for Programming, our external research program had proved its utility. A recent independent survey of consumers of external research products gave them high scores with regard to their value. In FY 1979 INR's external research program funded about 90 study projects; 38 of these were funded at least in part by 11 other sources. [redacted]

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25X1 In general we believe it fair to say that we have done reasonably well in anticipating the needs of our major consumers. At the same time we are aware that the hindsight that follows every crisis points up factors that should have been anticipated but were not. Policymakers continue to stress their need for early warning and realistic appraisal of storms beyond the horizon. [redacted]

### Resource Needs

INR faces special problems in the areas of personnel, information handling, and external research funding.

#### Personnel

INR furnishes a great variety of services to a great diversity of consumers. That fact, coupled with the budgetary stringencies of recent years, has meant that we are stretched thin. Some analysts have to be responsible for a number of countries; some countries are barely covered at all. When crises break out, we can often provide the necessary coverage only by neglecting other areas of continuing intelligence interest. [redacted]

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INR also has difficulty in keeping its analyst positions filled with professionals of the required expertise. In part this is the reverse coin of the advantage of having half our positions filled by Foreign Service Officers; typically, they rotate out of INR after completing a two- three-year tour, and INR has no special priority for securing replacements. We have also found the Civil Service and security clearance procedures for filling positions to be extremely time consuming. Some improvement is gradually being achieved in our problems with the Foreign Service and Civil Service procedures, but we expect to have continuing difficulties. [redacted]

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At present INR is discussing with management the possibility of instituting a system of "Research Fellows." The intent would be to bring in well-qualified academics for one- or two-year tours in critical vacancies. [redacted]

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#### Information Handling Equipment

25X1 INR needs to keep up with its sister agencies in the Intelligence Community in installing modern information handling equipment. We have made some progress; we hope to introduce a small number of computer-driven cathode ray terminals and printers, on an experimental basis, next year. [redacted]

25X1 But this is only a beginning. INR needs to develop a program that will enable its analysts to plug into the Intelligence Community's collective computer capabilities much more extensively in dissemination, storage, and retrieval of intelligence. [redacted]

INR also needs to renovate the gray phone system and work toward a REARCS system for distribution of the Department's cable traffic. [redacted]

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### External Research Funding

In FY 1980 INR's External Research Program budget was cut by one-third. At the same time, however, policy bureaus of the Department submitted for consideration a total of 146 projects with an estimated cost of \$3.7 million. The most important and close-in needs of the policy bureaus can be met, but this shortfall in funding discourages users of external research from thinking ahead to their longer term needs. INR is working to overcome the budget deficiencies, but prospects are dimmed by tightening budgetary constraints in the Department as a whole. We have been helped, however, by the DCI's recent decision to fund in FY 1981 an INR proposal for production enhancement through teaming up scholars and analysts in the preparation of trend analyses. [REDACTED]

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### Agenda For The Future

If the experience of just the past few years is any guide, it seems clear that INR will have to prepare to meet challenges in several areas of activities in the future—broadening of analytical coverage; improvement of information handling; coping with ever-increasing workloads stemming from closer relations with Congress, the media, and the public; and enhanced requirements for ensuring that foreign policy considerations will be brought to bear on the activities of the other intelligence agencies. [REDACTED]

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It seems indisputable that we will have to ensure better analytic coverage of what used to be considered minor areas. (Who would have foreseen a few years ago that such matters as the Beagle Channel dispute, hostilities between the Yemens, and a change of government in Grenada would engage the attention of the highest policymakers?) We are used to making certain that we are able to cover the major powers; now we will have to do better on the smaller ones as well. We need to develop greater depth and expertise in the economic, financial, and resource fields, especially on Third World countries. [REDACTED]

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Of course, the necessity for better coverage of newly important areas and subjects is related to the need for a surer supply of experts. In some areas, there has not been a renewal of INR's analytic blood, and the continuity and long memory that some of its veteran officers currently provide will shortly be gone and not replaced—unless steps are taken now to start training new cadre. [REDACTED]

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Needed improvements in the field of information handling are also related to the continuing departure of "old-timers." They tend to keep their facts and ideas either in their heads or in files so idiosyncratic as to be unusable by a successor. At the same time the volume of paper keeps expanding. Greater and quicker steps toward automated data retrieval are urgently needed. [REDACTED]

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The incidence of requests to sanitize or declassify intelligence for use with the press, members of Congress and their staffs, and the public is

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growing tremendously. Larger agencies may be able to set up special offices to deal with these matters. INR, too small to afford this luxury, has to rely on the same analysts who are supposed to be producing intelligence to perform these functions. With increasing frequency the production of intelligence that might help a policymaker in the future has to be set aside while an analyst sanitizes a document dealing with the past.

In coordinating foreign relations concerns with intelligence activities, INR's Deputy Director for Coordination will be putting particular emphasis in the period ahead on implementing the recommendations of the joint State/CIA task force

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